

Terms and Conditions

for

**Allocation of
Quarterly Capacity
available
in the TAG Pipeline System**

**starting from 01.10.2013, 06:00 a.m.
until 01.10.2014, 06:00 a.m.**

executed on PRISMA

Published on 15.05.2013

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Preamble

In line with the European Guidelines, the Austrian Gas Act and the process currently developed by ENTSOG on basis of the future Network Code for Capacity Allocation Mechanism ("CAM NC") for gas as foreseen by EU Regulation 715/2009, Trans Austria Gasleitung GmbH ("TAG GmbH") has implemented a Procedure for the Allocation of quarterly capacity available in the TAG Pipeline System, which TAG GmbH intends to offer starting from 01.10.2013, 06:00 a.m. until 01.10.2014, 06:00 a.m. ("Capacity") by means of an auction in accordance with the terms and conditions herein set forth ("Allocation Procedure").

This pilot project will be carried out on the European platform "PRISMA" (hereinafter referred to as "[PRISMA](https://primary.prisma-capacity.eu)"). As the CAM NC will become binding TAG GmbH will adapt this Allocation Procedure accordingly. The General Terms and Conditions for Use of the Primary Capacity Platform PRISMA primary are available on following address: <https://primary.prisma-capacity.eu>

The unbundled Capacity to be auctioned within the framework of this procedure is offered for the Entry Point Baumgarten and Exit Point Arnoldstein (direct flow) on FZK basis as well as for the Entry Point Arnoldstein (reverse flow) on DZK basis according to the provisions stated in Point 2 below. The capacities will be offered on 03.06.2013 for each quarter in the timeframe 01.10.2013, 06:00 a.m. – 01.10.2014, 06:00 a.m. as described in Point 3 (Available Capacity on Offer)

In respect of the following Terms and Conditions for Allocation of Capacity available in the TAG Pipeline System starting from 01.10.2013, 06:00 a.m. until 01.10.2014, 06:00 a.m. executed on PRISMA (hereinafter referred to as "Terms and Conditions") the Capacity will be offered to potential system user(s) or shipper(s) (both hereafter referred to as "TAG System User" or "System User") through non-discriminatory and transparent auctions.

System User shall consider that the access to the TAG Pipeline System is subject to the provisions of the Austrian Gas Act (GWG) 107/2011 Article 18, section 1.

According to GWG Article 18, potential System Users interested in capacity for the Austrian Market, have to apply to the Domestic Area Manager (DAM) who will request the relevant network operator to provide the necessary capacity.

Requirements for the participation in the auction

1 Registration

In order to participate in TAG auctions executed on PRISMA, Applicants shall submit their requests to TAG GmbH pursuant to the following conditions at the latest by 24.05.2013, 01:00 p.m. using the following online registration (the "Online Registration"):

Online Registration for "Allocation of Quarterly Capacity available in the TAG Pipeline System starting from 01.10.2013, 06:00 a.m. until 01.10.2014, 06:00 a.m. executed on PRISMA"

Furthermore a separate registration on PRISMA's website is required.

1.1 TAG Online Registration

The Applicant shall submit its request as well as all requested mandatory data using the online registration for Capacity Service (the "Online Self-Registration") to be performed in two steps as described in the user manual published by TAG GmbH on its website ("User Manual") which is an integral part of this procedure:

- By the successful completion of the first step of the Online Self-Registration TAG GmbH will receive the first part of the applicant's data.
- Having concluded the first step of the Online Self-Registration, Applicant will automatically receive an e-mail containing the link to the Registration Form where Applicant shall insert the requested information necessary to complete the second step of the Online Self-Registration.

It is understood that the Online Self-Registration shall be considered completed only after both steps have been successfully concluded by 24.05.2013 01:00 p.m. at the latest, as foreseen in the Online Registration mentioned above. All necessary verifications shall be performed by TAG GmbH thereafter according to Point 2.

Each Applicant shall submit only one Registration even in the case that the Applicant is willing to participate in more than one quarterly TAG capacity auction. If an Applicant fails to comply with any of the conditions specified in the Registration its request shall be considered as null and void. This shall also apply in case the Applicant has given incorrect information. TAG GmbH does not accept any responsibility for any type of incomplete or wrongly submitted information. By submitting the Registration Applicant agrees and acknowledges that the Allocation Procedure is subject to the terms and conditions herein set forth and that it is fully aware of the meaning and content of all the provisions herein.

Requests by Bidder concerning changes to information (contact person and e-mail) submitted during the Online Self-Registration process and/or concerning changes to Bidder's authorized users are possible on working days and 72 hours prior to the auction event only. TAG GmbH does not accept any responsibility in case Bidder's user(s) does/do not receive in due time the Access Key, Pin and username from PRISMA in order to participate in TAG's auctions.

Further users of the System User will be approved by TAG GmbH after proof of authenticity has been provided by authorized representatives of the System User and such user has registered on PRISMA.

After the Online Registration has been completed and verified by TAG GmbH Applicants will receive an e-mail containing the registration form as pdf-file ("e-Registration Form").

TAG GmbH will send for all fully completed e-Registration Forms an acceptance notice ("Acceptance Notice") by e-mail to each Bidder at the latest by 29.05.2013 provided that the temporary deposit as described under Point 2.1 has been received and accounted for by TAG GmbH.

By transfer of such temporary deposit each Bidder agrees and acknowledges unconditionally that the Allocation Procedure is subject to the terms and conditions herein set forth and that it is fully aware of the meaning and content of all the provisions herein.

For more details please refer to the [User Manual](#).

1.2 PRISMA Registration

For the participation at TAG PRISMA auctions [a registration on PRISMA](#) is required. For more details please refer to the training material published on PRISMA in the download area.

1.3 Credentials

Upon successful registration with TAG GmbH and PRISMA and under the condition that the temporary deposit according to Point 2 below was received and accounted for by TAG GmbH, TAG GmbH will approve the Applicant which receives the status Bidder.

It is understood that in case Bidder's user(s) is/are already approved by PRISMA for participating at other auctions (e.g. Day-Ahead) no further credentials will be sent. Otherwise user(s) will receive access data from PRISMA after the acceptance by TAG GmbH. For more details on PRISMA procedures, please refer to General Terms and Conditions for Use of the Primary Capacity Platform PRISMA primary in its latest version.

For avoidance of any doubt only after the Access Key, the User's Pin and username have been received it is possible to participate in TAG auctions published and executed on PRISMA.

2 Temporary Deposit ("Deposit") and Capacity Contract

2.1 Deposit

In order to participate in this Allocation Procedure on PRISMA, Applicant shall pay in advance, i.e. before the Online Registration via web-interface a Deposit in the amount of € 100,000 (one hundred thousand) free of charge by SWIFT to the following bank account of TAG GmbH ("The Deposit"):

ERSTE GROUP BANK AG

IBAN: AT 91 20111 20050853200 BIC: GIBAATWW

Payment reference "Auction event held on 03.06.2013"

The Deposit's value date/transaction date shall be latest 24.05.2013 and the Deposit has to be accounted and confirmed by ERSTE GROUP BANK AG in any case not later than 27.05.2013. SWIFT transactions with value date or transaction date after 24.05.2013 are considered not valid in respect of the provisions stated herein and relevant potential System User will be not entitled to participate in the Allocation Procedure.

The Deposit serves to ensure that each Bidder to which Capacity has been assigned at an Auction ("Winning System User") will execute the Standard Capacity Contract ("[Capacity Contract](#)") and – having executed the Capacity Contract – will submit a Security (Bank Guarantee or Cash Deposit) as stipulated in the Capacity Contract published on 15.05.2013.

As soon as the Security has been received and verified by TAG GmbH the above mentioned Deposit will be returned to the bank account designated by the Winning Bidder in the registration form. If the Bidder is not awarded any capacity (whether or not the Bidder has taken part in any Auction), the Deposit submitted will be returned to the bank account designated by the Bidder in the Registration Form after the Allocation Procedure has been concluded.

If a Winning Bidder refuses or, for whatever other reasons, fails to enter in accordance with Point 2.2 below into the Capacity Contract with TAG GmbH in relation to the awarded capacity ("the Defaulting Bidder") TAG GmbH shall retain the Deposit and reserves its full rights and remedies at law including but not limited to any claim for payment of the monthly fee in accordance with and for the duration of the Capacity Contract.

In any case, the Deposit shall not carry any interest for the System User nor cause any expenses for TAG GmbH.

For avoidance of any doubt, Applicant may only participate in TAG auctions on PRISMA after all conditions defined by TAG GmbH and PRISMA are fulfilled.

2.2 Capacity Contract

Each Winning Bidder shall enter into a Capacity Contract with TAG GmbH by 03.06.2013 (the "Effective Date" of the Capacity Contract). TAG GmbH will provide the Capacity Contract by appropriate means (e-mail, TAG GmbH's web-based Commercial Services Area) to the Winning Bidder together with the Form of Bank Guarantee with the relevant amount. Any change to the wording of such form will not be accepted by TAG GmbH due to transparency and non-discriminatory reasons.

Winning Bidders are obliged to sign the Capacity Contract for the allocated capacity and provide TAG GmbH with the Security according to Article 7 of the Capacity Contract.

TAG GmbH shall receive the Security and the Capacity Contract duly signed by Winning Bidder(s) not later than 27.06.2013.

Notwithstanding of the above and according to Article XXII.1 of the General Terms and Conditions for Transmission Network Access of Trans Austria Gasleitung GmbH ("GTC") the System User has the right to select other forms of Security.

The relevant GTC in force, approved by the Austrian Regulatory Authority (E-Control) and published on TAG GmbH's website, shall be applied. For avoidance of any doubt and in respect of the provisions stated in the GTC and the Capacity Contract, TAG GmbH has to receive any other information necessary for the transportation service not later than 5 (five) working days before the start of the transportation service.

2.3 Bids as Binding Offers

Each winning bid submitted on PRISMA in the course of a TAG auction and in compliance with the provisions herein set forth shall constitute a binding offer to enter into a Capacity Contract on ship or pay basis with TAG GmbH according to the terms and conditions laid down in the Capacity Contract and in this Allocation Procedure.

Allocation

3 Available Capacity on Offer

TAG GmbH will perform independent auctions for every Entry and Exit point separately on PRISMA starting on 03.06.2013 09:00 a.m. according to the Multi-Round-Ascending Clock principle. Only those Bidders who have received the Acceptance Notice/Credentials as per Point 1.1 and 1.3 above are entitled to participate in any auction.

The available unbundled quarterly capacity for each relevant Entry/Exit Point will be auctioned according to the following table:

Quarter	Capacity on Offer expressed in kWh/h		
	Entry Baumgarten (FZK)	Exit Arnoldstein (FZK)	Entry Arnoldstein (DZK)
01.10.2013, 06:00 a.m. - 01.01.2014, 06:00 a.m.	1,704,438	385,824	16,856,291
01.01.2014, 06:00 a.m. - 01.04.2014, 06:00 a.m.	1,704,438	385,824	16,856,291
01.04.2014, 06:00 a.m. - 01.07.2014, 06:00 a.m.	1,704,438	385,824	16,856,291
01.07.2014, 06:00 a.m. - 01.10.2014, 06:00 a.m.	1,704,438	385,824	16,856,291

Bidders are entitled to participate in each of the above listed Auctions for quarterly capacities, whereby for each Entry/Exit point each Bidder is entitled to bid for the total capacity.

4 Auction

For more details about the auction mechanism please refer to the General Terms and Conditions for Use of the Primary Capacity Platform PRISMA primary and to the training material published on PRISMA in the download area.

After the conclusion of the Auction, each participant will be automatically notified by e-mail about its result. The result is binding and the transportation service will be treated as ship or pay transportation service.

After the notification of the result it is in the responsibility of the System User to allocate the assigned capacity to a valid Balance Group in due time in line with Article 4 and the Terms and Conditions of Balance Group Management (Annex 5) of the Capacity Contract in case this allocation is not already performed during the Auction.

5 Fee

Bids submitted at the end of a bidding window become binding.

The fee to be paid on monthly basis by System User for the transportation service pursuant to the Capacity Contract ("Monthly Fee") shall be calculated as described in the Ordinance on the gas system usage fees (GSNE-VO 2013) as published on 19.09.2012 by E-Control and as subsequently amended, if this is the case.

For the duration of the transportation service the reserve price shall be:

For the Entry Point Baumgarten:

- SUC (System Utilisation Charge Baumgarten) = 0.7 €/kWh/h per year

For the Entry Point Arnoldstein:

- SUC (System Utilisation Charge Arnoldstein) = 0.56 €/kWh/h per year

For the Exit Point Arnoldstein:

- SUC (System Utilisation Charge Arnoldstein) = 5.26 €/kWh/h per year

For quarterly products the Monthly Fee will be calculated according to the following formulas:

$$SUC_Q = (SUC/365) * D * K * 100$$

$$MF = [(SUC_Q + AP) * Q] / M / 100$$

Where:

SUC_Q = System Utilisation Charge for quarterly products expressed in ct/kWh/h/Quarter rounded to the second decimal point

D = Number of days in the relevant transportation period

K (Applicable Coefficient according to Section 3 p.9 GSNE-VO 2013) = 1.25

M = Number of months in the relevant transportation period = 3

Q = Booked Flow Rate (expressed in kWh/h) at the Entry or Exit Point

AP = Auction Premium (or Surcharge) expressed in ct/kWh/h/Quarter

MF = Monthly Fee in €/month rounded to the whole figure

Example of calculation of the Monthly Fee for the period 01.07.2014, 06:00 a.m. - 01.10.2014, 06:00 a.m.

$Q = 10,001 \text{ kWh/h}$ (ten thousand one)

$AP = 0 \text{ ct/kWh/h/Quarter}$

$SUC \text{ Entry Point: Baumgarten} = 0.7$

$SUC_Q = (0.7/365) * 92 * 1.25 * 100 = 22.05 \text{ ct/kWh/h/Quarter}$

$MF = (22.05 + 0) * 10001 / 3 = 73,507.35 \text{ ct/Month} = 735 \text{ €}$

For the other quarters and in any case for each corresponding Entry or Exit Point the relevant fees shall be calculated accordingly.

If within the framework of an auction the System User purchases capacity at a price higher than the tariffs specified according to 72 et sqq. Natural Gas Act 2011, the System User shall be obliged to pay that auction price for the term of the contract.

Hence, the Monthly Fee to be paid by each successful System User to TAG GmbH is determined by multiplying the Unit Clearing Price ($SUC_Q + AP$) with the awarded Capacity divided by three (3).

The resulting amount in €/month is inserted in the Capacity Contract.

For more details please refer to the Capacity Contract and the Tariff Calculator.

6 Electronic bidding rules and regulations for the Auction

6.1 Scope

6.1.1 The following rules and regulations govern the electronic bidding procedure (hereinafter "Bidding") following which the System Users are invited to submit their Bids.

6.1.2 The System User(s) take(s) part at the auction connecting via Internet to the PRISMA website. They will insert their bid according to the General Terms and Conditions for Use of the Primary Capacity Platform PRISMA primary.

6.1.3 The System User authorizes TAG GmbH to record the contacts by telephone or computerized systems.

6.2 General Rules

The acceptance of the rules and regulations has to be given online at the registration. Non-acceptance will cause the impossibility to gain access.

6.3 Access Procedures

The minimum hardware, software and internet requirements needed for the registration are published in the User Manual. The purchase, installation, configuration and the hardware and software maintenance are in sole charge and under the responsibility of the Applicant/System User.

6.4 Rules for the Use of the Access data

6.4.1 Each System User shall keep the access data secret. The System User is responsible for the safe keeping and the correct use of the access data. The System User is also responsible for their improper use, however occurred, even in case of loss or theft.

6.4.2 The direct, indirect, total, partial, voluntary or involuntary divulgence of the access data to third parties is wholly under the responsibility of the System User, who will be liable for any damage suffered by TAG GmbH as a consequence of the divulgence of the access data.

6.4.3 In case of loss or theft of the access data the System User has to inform PRISMA immediately. PRISMA will procure the blocking of the access data. The System User shall be responsible for any use of the access data until notification of the blocking.

Miscellaneous

7 Reference to Time

Any reference to time shall be construed as to whatever official time in force in Austria (CET).

Working Day in the context of these Terms and Conditions refers to every day other than Saturday, Sunday, statutory holidays in Austria, as well as 24 and 31 December.

8 Inconsistency

In case of any inconsistency between these Terms and Conditions and the Trans Austria Gasleitung GmbH Capacity Booking User Manual, the provisions laid down in these Terms and Conditions shall prevail.

In case of any inconsistency between these Terms and Conditions and the documentation published on PRISMA, the provisions laid down in these Terms and Conditions shall prevail.

In the event of any conflict between these Terms and Conditions and the Capacity Contract, the Capacity Contract shall prevail.

9 Exclusion of Liability

TAG GmbH, including its employees, servants, representatives and agents, shall not be liable for any direct or indirect loss (including loss of profit) damage or cost arising out of or in connection with the use of the Online Auction web application, including reliance upon the information and material contained within said system. TAG GmbH gives no warranty for the Online Auction web application tools (e.g. server) being free of viruses or other dangerous elements and being available without interruptions or at all, except in case such loss, damage or cost arises out of or results from gross negligence or wilful misconduct.

TAG GmbH reserves the right to update at its sole discretion at any time and without prior notice or liability any information directly or indirectly related to these Allocation Procedure. While TAG GmbH makes every effort to provide accurate and complete information, various data may change prior to updating. All information is given without warranty, expressed or implied, as to the accuracy, reliability or completeness of furnished data.

TAG GmbH assumes no liability for misprints, for the correctness and completeness of information and entries or for the mode of presentation and informs that System User(s) are solely responsible for any decisions made on the basis of the information provided in the context of this Allocation Procedure.

System User(s) connect to the Online Auction web application at its costs and risk, bearing in particular the costs of terminals, telephone and provider charges.

TAG GmbH accepts no liability whatsoever that any information related to the Allocation Procedure (Terms and Conditions, User Manual, Online Auction web application) is

complete, accurate or current. This also applies to any links provided directly or indirectly by this Allocation Procedure for information purposes.

Any communication or notice required or permitted to be given under these Terms and Conditions shall be made in writing (English language shall be used).

TAG GmbH cannot be held responsible for any information which is not in writing.

TAG GmbH accepts no liability whatsoever for the content of third-party websites that can be accessed via links from the TAG GmbH's website. Any access to third-party websites is at the sole responsibility of the user.

10 Governing Law

These Terms and Conditions (including all statements necessary in this respect) as well as the Capacity Contract shall be governed by and construed in accordance with the laws of Austria excluding rules and regulations governing conflict of law.

TAG GmbH shall have the right to exclude System User(s) who engage in Collusive Behaviour or terminate the Allocation Procedure completely if other significant reasons are found to endanger the intended function of the Allocation Procedure.

11 Dispute resolution

All disputes arising out or in connection with the provisions laid down in these Terms and Conditions shall be finally settled under the most recent version of the Rules of Arbitration of the International Chamber of Commerce (the "Rules") by three arbitrators appointed in accordance with said Rules. The arbitral tribunal shall sit in Vienna; language of the proceedings shall be English. Austrian law (excluding rules and regulations governing conflict of laws) shall be applicable to the dispute in any respect, i.e. also as code of procedure where the Rules are silent.

Except where explicitly otherwise indicated above, all capitalised and uppercases terms shall have the meaning ascribed to them in the Capacity Contract.

Contact

For further information please contact:

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Mr. Francesco Menditti

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or

TCM Department:

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phone no. 0043 (0)1 597 51 16 - 28

e-mail: Auction@taggmbh.at

(For any communication regarding the quarterly auctions only this e-mail address is valid).

Terms and Conditions for Allocation of Quarterly Capacity available in the TAG Pipeline System

starting from 01.10.2013, 06:00 a.m. until 01.10.2014, 06:00 a.m. executed on PRISMA

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